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Follow-up to the Report of the Board of Auditors for 1994-1995: Status of Implementation of Recommendations

1. Pursuant to decision 97/2 taken by the Executive Board at the first regular session of 1997, the Executive Director wishes to bring to the attention of the Executive Board the status of actions taken in response to the recommendations contained in the Report of the United Nations Board of Auditors on the United Nations Population Fund for the biennium ended 31 December 1995 (A/51/5/Add.7). The management issues examined by the Board of Auditors during 1994-1995 covered: (a) planning, support and evaluation of national project execution; (b) technical support services (TSS) arrangements; (c) procedures for managing interregional projects; and (d) selection, management and evaluation of consultants.

2. Set out in the tables below are the steps taken by the Executive Director to date to address the concerns and issues raised by the Board of Auditors in their recommendations for the 1994-1995 biennium.

Recommendation

3. The Executive Board may wish to take note of the progress report provided by the Executive Director on the measures that have been taken or that are planned in implementing the recommendations of the Board of Auditors for the biennium 1994-1995, as contained in document A/51/5/Add.7.

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Recommendations	*Follow-up Action*	*Current Status/Comments*
Trust Funds		
UNFPA should adhere more closely to the requirement that trust fund activities only be initiated on a fully-funded basis.	UNFPA has sought to strengthen internal controls related to trust fund management through: (a) reviews by the Finance Branch of all new trust fund agreements to ensure that disbursement schedules are adequate for funding requirements and that the appropriate reference is included in the agreement to protect UNFPA regular programmable resources; (b) drafting of revised procedures for the programme, procurement and finance sections of the Policies and Procedures Manual; and (c) consultations with all concerned units on compliance and policy issues.	There have been three instances of negative balances. Two instances were related to procurement services in Burundi and Ghana, and one concerned the trust fund for the ICPD. One case has been resolved, and efforts are being made to correct the others.
National Execution		
UNFPA should make a more systematic assessment of country needs to ensure that it can respond in a well-planned and effective manner. It should also set strategic targets for the implementation of national execution.	UNFPA has introduced a programming process that allows for a more systematic assessment of country needs based on: (a) the Country Population Assessment that replaces the PRSD and is a national strategic exercise with emphasis on capacity-building; and (b) the logical framework approach, including stakeholder analysis, at programme/project level. In this context, UNFPA reviewed its national execution guidelines and initiated consultations with UNDP. The preparation of a guide and strategic paper will be based on the outcomes of the evaluation of execution modalities and the absorptive capacity study.	The evaluation report is to be reviewed by senior management in November 1997. The absorptive capacity study is expected to be presented to senior management in February 1998.
UNFPA should determine the role and responsibilities of field staff in relation to national execution and then plan the training and resources required to equip the field offices to fulfil their tasks.	As reported to the Board, a Senior Management Adviser reviewed country office capacity in 1996 and provided recommendations for strengthening support for the offices. Several initiatives were introduced in response, including the realignment of headquarters units; adjustments in the division of labour under decentralization; and efforts to streamline and enhance financial management, as reported to the Executive Board in May 1997. The evaluation of the UNFPA training programme, presented to the Board in September 1997, confirmed that in recent years the greater share of training resources had been devoted to field staff, and UNFPA management is committed to continue this trend. In addition, a needs assessment regarding future staff training activities will be undertaken.	The Senior Management Adviser completes her work in December 1997 and any follow-up required will be undertaken in early 1998.
UNFPA should finalize and issue the draft guidelines on the selection and assessment of institutions for national project execution.	Since the draft guidelines were not endorsed, new guidelines will be developed based on the evaluation of execution modalities, including national execution. UNFPA has also obtained the agreement of the UNDG on the need for a system-wide approach to capacity assessments and has introduced the logframe, which uses verifiable objective indicators to monitor outcomes such as capacity-building.	
UNFPA should evaluate its progress on implementing national execution; the methods used to enhance national capacity; and compare the effectiveness of national project execution with agency or other execution.	UNFPA has completed a thematic evaluation of execution modalities, including national execution. UNFPA is also undertaking a study on absorptive capacity and utilization of financial resources among recipient countries, particularly in Africa, in order to identify constraints in project execution.	

Recommendations	*Follow-up Action*	*Current Status/Comments*
Technical Support Services Arrangements		
UNFPA should develop appropriate indicators of capacity-building and of the impact of Country Support Teams on programmes and projects.	As planned, UNFPA has implemented a policy of shifting CST intervention to the strategic stages of the programme cycle, such as the mid-term review and PRSD exercises. The reduction in project advisory work has allowed the teams to focus more on long-term country needs, training and capacity-building, and application of a multidisciplinary approach to population. The workplan and progress report formats for CSTs have been revised to allow for a better assessment of how CST advisers work at the country level.	As reported in September 1997 to the Executive Board (DP/FPA/1997/16), the TSS system requires further improvement in regards to technical coordination at headquarters. UNFPA will provide an update on measures taken in April 1998. The development of indicators for capacity-building will be addressed Fund-wide in follow-up to the execution modalities evaluation and the absorptive capacity study.
UNFPA should review the scope for extending the use of consultants in a country support role in order to gain access to fresh skills, as well as reduce costs.	UNFPA supports an expanded role for national consultants. The use of national expertise for technical backstopping at the project level has increased significantly and CST advisers are used more for programme interventions. Such interventions, for example, of the CST in Santiago increased from only 6 per cent in 1993 to over 50 per cent in 1996. The revised TSS System Inter-Agency Guidelines, issued on 1 October 1997, also strongly emphasize the first level of expertise in the TSS system, namely national consultants. In addition, the CSTs have established rosters of consultants in the region in case neither national nor CST expertise is available.	
UNFPA should establish and periodically review countries' needs and ensure that Country Support Teams' resources are adjusted accordingly.	These issues are reviewed continuously by the Deputy Executive Director (Programme) and the Inter-Agency Task Force on the TSS System to ensure that CST resources meet evolving needs. In the process of assessing country needs, UNFPA actively solicits and takes into account the inputs from the Fund's country Representatives. The latest modifications in the composition of the teams were approved by the Executive Board in September 1997 (decision 97/28).	A report on the implementation of the TSS system will be submitted to the Board in 1999 for its decision on the continuation of the arrangements.
UNFPA should review the CST offices' running costs and exercise tight control, including establishing performance targets and measures to provide standards against which CST offices can compare their costs.	The creation of a Field Unit under the Deputy Executive Director (Programme) has led to significant improvements in the management of the TSS system. The Field Unit reviews all budget requests submitted by the Divisions for the CSTs in their region. Any deviation from average costs must be justified in writing and approved. Other changes include, inter alia, that additional budget requests are mostly accommodated through revisions, not supplements; and that office leases and large-scale contracts must be approved by the Contracts Review Committee in line with the procedure for country offices. Functions and procedures are further clarified in the draft operational guidelines for the TSS.	The operational guidelines have been reviewed by senior management and will be issued in early 1998.

Recommendations	*Follow-up Action*	*Current Status/Comments*
Management of Interregional Projects		
UNFPA should give more consideration to whether an agency is best suited for a project, whether all the alternatives have been assessed and the most cost-effective approach chosen.	The thematic evaluation of execution modalities will provide an assessment of the effectiveness of different executing agencies; the findings and recommendations are expected to assist UNFPA in improving the selection of executing agencies. In the meantime, the Technical Division has started developing capacity and skills profiles for organizations to assist the decisions of programme staff. Executing agencies are also discussed by the Programme Review Committee.	The evaluation report is to be reviewed by senior management in November 1997.
UNFPA needs to take a more proactive role in formulating projects, setting out the requirements for meeting UNFPA's overall objectives and those of the intercountry programme.	With the formulation and approval of the 1996-1999 intercountry programme, UNFPA has implemented a more proactive process of linking the intercountry programme to country needs. This includes the collective review of regional and interregional projects by the Programme Review Committee to enhance complementarity of activities at global and regional levels. Moreover, the PRC comments on the eventual use and relevancy, at country level, of the outputs under the intercountry programme. Finally, the revised draft guidelines on the intercountry programme provide for a more systematic assessment of such linkages during the project appraisal process.	The draft of the intercountry programme guidelines will be submitted to the Policy and Planning Committee for review in December 1997.
Where appropriate, UNFPA should use baseline studies to identify the need and the potential recipients of the project; and, where possible, UNFPA should set out a project's objectives in clearly quantifiable and qualitative terms.	The revised draft guidelines on the intercountry programme introduce the logical framework approach, already used for country programmes/projects, as an instrument for the clearer definition of quantitative and qualitative project goals and outputs. In addition, the need for more baseline studies has been included in the technical guidelines. UNFPA will monitor to see if the new programming process yields the expected improvements.	
There should be more active involvement by the project officer in obtaining independent evidence of the project's progress, its quality, whether it is reaching the intended recipients and whether the objectives are being achieved.	The draft guidelines on the intercountry programme provide for a stronger role of the programme officer in monitoring project activities. The use of the logical framework will help programme officers identify more clearly if all concerned parties are fulfilling the commitments made under the project monitoring plan.	

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Recommendations	*Follow-up Action*	*Current Status/Comments*
Selection and Use of Consultants		
UNFPA's Personnel Branch should set clear criteria for consultants' Terms of Reference and ensure that they are met.	On 3 July 1996, UNFPA issued guidance to clarify the preparation of consultants' terms of reference. Moreover, on 16 September 1996, UNFPA issued a checklist to all Divisions to guide them in preparing and reviewing requests for hiring of international consultants. The checklist also includes an item on the terms of reference.	
UNFPA should make increased use of its international roster and maintain it with up-to-date information.	UNFPA has instructed its Country Support Teams and Geographical Divisions to ensure the inclusion of all consultants in its international roster and to improve the management of the roster by the Technical Division. The Personnel Branch now requires new consultants to be entered into the roster.	UNFPA will consider new procedures for the maintenance of the roster once the recommendations of the working group on Special Service Agreements are available.
UNFPA should review its selection procedures for consultants to secure a wider consideration of candidates.	An interdivisional working group has reviewed the management of Special Service Agreements in such areas as the selection process and procedures for SSAs, the design and use of the consultants' roster, decentralization issues, SSA contract management, and assessment of consultants' performance.	The working group will submit its recommendations to UNFPA management in December 1997.
Evaluating officers should be required to give greater attention to the completion of assessment forms and that, as a minimum, the consultants' strengths and weaknesses should be identified.	Improvements in the performance assessments for consultants are being reviewed by the interdivisional working group.	The working group will propose improvements in the assessment forms.

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